

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-12 FRB-01 INR-10 IO-14 NEA-10 NSAE-00 ICA-20
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 /123 W
-----002396 291047Z /16

R 290826Z AUG 78
FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC 3118

UNCLAS SECTION 1 OF 2 HELSINKI 2761

E.O. 11652: N/A
TAGS: OECD, EFIN, ETRD, ELAB, FI
SUBJECT: ECONOMIC INDICATORS ON SMALLER OECD COUNTRIES, FINLAND

REF: 76 HELSINKI 2509

1. THIS IS THE EMBASSY'S SIXTEENTH REPORT OF SIX BROAD
CATEGORIES OF ECONOMIC INDICATORS FOR FINLAND.

(A) OUTPUT AND DEMAND

1. INDUSTRIAL PRODUCTION, MONTHLY, SEASONALLY ADJUSTED
(1970 BASE)
MAY 77 DEC 77 MAY 78 PERCENT CHANGE
114 124 122 7.0

2. GROSS DOMESTIC PRODUCT, QUARTERLY (1975 BASE)
Q.1 77 CY 77 Q.1 78 PERCENT CHANGE
101 101 103 2.0

3. RETAIL SALES VOLUME, UNADJUSTED (1972 BASE)
APR 77 DEC 77 APR 78 PERCENT CHANGE
110 139 107 - 2.7

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4. OUTPUT OF WOOD, PAPER AND PAPER PRODUCTS, SEASONALLY
ADJUSTED (1970 BASE).
MAY 77 DEC 77 MAY 78 PERCENT CHANGE
91 95 96 5.5

5. OUTPUT OF METAL AND METAL PRODUCTS, SEASONALLY
ADJUSTED (1970 BASE)

MAY 77	DEC 77	MAY 78	PERCENT CHANGE
142	139	136	- 4.2

6. OUTPUT OF CONSUMER GOODS, SEASONALLY ADJUSTED
(1970 BASE)

MAY 77	DEC 77	MAY 78	PERCENT CHANGE
137	140	140	2.2

(B) PRICE INDICES

1. CONSUMER PRICE INDEX (1972 BASE)

JUL 77	DEC 77	JUL 78	PERCENT CHANGE
198.2	204.1	211.8	6.9

2. WHOLESALE PRICE INDEX (1949 BASE)

JUL 77	DEC 77	JUL 78	PERCENT CHANGE
697	705	730	4.7

3. EXPORT PRICE INDEX (1949 BASE)

JUL 77	DEC 77	JUL 78	PERCENT CHANGE
805	784	780	- 1.9

(C) MONEY SUPPLY (REVISED SERIES BY THE BANK OF
FINLAND)

1. M1, MILLIONS OF FINNMARKS

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MAY 77	DEC 77	MAY 78	PERCENT CHANGE
9,786	9,872	10,694	9.3

2. M1 PLUS QUASI MONEY, MILLIONS OF FINNMARKS

MAY 77	DEC 77	MAY 78	PERCENT CHANGE
43,845	52,561	55,978	14.6

3. INTEREST RATES

A. BANK OF FINLAND DISCOUNT RATE: 7.25 PERCENT.

B. RANGE OF RATES FOR OTHER CREDITS GRANTED BY THE
BANK OF FINLAND: 5.5 TO 8.5 PERCENT.

C. DEPOSITS WITH CREDIT INSTITUTIONS PERCENT

TERM	3.25
6 MONTH	4.25
12 MONTH	5.50
24 MONTH	6.50
36 MONTH	7.25

D. HIGHEST LENDING RATE FOR ANY FINANCIAL INSTITU-
TION: 10.5 PERCENT

NOTE: BANK OF FINLAND SETS INTEREST RATES AND
ABOVE RATES HAVE BEEN EFFECTIVE SINCE
MAY 1, 1978.

(D) CENTRAL GOVERNMENT

1. EXPENDITURES, MILLIONS OF FINNMARKS

END JUN 77	END DEC 77	END JUN 78	PERCENT CHANGE
16,653	34,826	17,927	7.6

2. REVENUE, MILLIONS OF FINNMARKS

END JUN 77	END DEC 77	END JUN 78	PERCENT CHANGE
14,940	34,747	17,362	16.2

3. DEFICIT OR SURPLUS, MILLIONS OF FINNMARKS

END JUN 77	END DEC 77	END JUN 78	PERCENT CHANGE
- 1,713	- 79	- 565	67.0

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R 290826Z AUG 78

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 3119

UNCLAS SECTION 2 OF 2 HELSINKI 2761

(E) LABOR

1. TOTAL EMPLOYMENT, THOUSANDS

JUN 77	DEC 77	JUN 78	PERCENT CHANGE
2,287	2,051	2,241	- 2.0

2. UNEMPLOYMENT RATE

JUNE 77	DEC 77	JUN 78	PERCENT CHANGE
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5.7 7.2 7.4 1.7

3. WAGE INDEX, QUARTERLY (1964 BASE)

Q.2 77	Q.4 77	Q.2 78	PERCENT CHANGE
446	445	453	1.6

(F) TRADE AND PAYMENTS

1. EXPORT VALUE, CUSTOMS BASIS, MILLIONS OF FINNMARKS

(FOB)

END JUN 77	END DEC 77	END JUN 78	PERCENT CHANGE
13,865	30,931	16,444	18.6

A. EXPORTS TO US, MILLIONS OF FINNMARKS (FOB)

END JUN 77	END DEC 77	END JUN 78	PERCENT CHANGE
608	1,730	724	19.1

B. US PERCENTAGE SHARE OF FINNISH EXPORTS

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END JUN 77	END DEC 77	END JUN 78	PERCENT CHANGE
4.4	5.6	4.4	0

2. IMPORT VALUE, MILLIONS OF FINNMARKS (CIF)

END JUN 77	END DEC 77	END JUN 78	PERCENT CHANGE
14,497	30,708	15,419	6.4

A. IMPORTS FROM US, MILLIONS OF FINNMARKS (CIF)

END JUN 77	END DEC 77	END JUN 78	PERCENT CHANGE
734	1,435	762	3.8

B. US PERCENTAGE SHARE OF FINNISH IMPORTS

END JUN 77	END DEC 77	END JUN 78	PERCENT CHANGE
5.1	4.7	4.9	- 0.2

3. EXPORT VOLUME, QUARTERLY, SEASONALLY ADJUSTED

(1975 BASE)

Q.2 77	Q.4 77	Q.2 78	PERCENT CHANGE
119	119	140	17.6

4. IMPORT VOLUME, QUARTERLY, SEASONALLY ADJUSTED

(1975 BASE)

Q.2 77	Q.4 77	Q.2 78	PERCENT CHANGE
92	80	87	- 5.4

5. CURRENT ACCOUNT, MILLIONS OF FINNMARKS

Q.1 77	CY 77	Q.1 78	PERCENT CHANGE
- 8	- 644	184	240.0

6. FOREIGN EXCHANGE RESERVES, MILLIONS OF FINNMARKS

END JUL 77	END DEC 77	END JUL 78	PERCENT CHANGE
799	1,549	3,544	343.6

7. EXTERNAL DEBT (NET FOREIGN INDEBTEDNESS), MILLIONS

OF FINNMARKS (PUBLIC AND PRIVATE DEBT)

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Q.1 77	CY 77	Q.1 78	PERCENT CHANGE
23,303	27,296	28,428	22.0

8. LONG-TERM FOREIGN BORROWING, MILLIONS OF FINNMARKS

Q.1 77	CY 77	Q.1 78	PERCENT CHANGE
1,022	6,454	1,876	83.5

(G) ECONOMIC CONDITIONS IN FINLAND HAVE SHOWN MODEST SIGNS OF IMPROVEMENT THROUGHOUT THE FIRST HALF OF 1978 AND INTO THE THIRD QUARTER. THE BANK OF FINLAND, HOWEVER, CONTINUES TO MAINTAIN STERN CONTROL ON MONEY AND CREDIT. THIS, PLUS CONTINUED HIGH UNEMPLOYMENT, HAS PLAYED A MAJOR ROLE IN REDUCING THE RATE OF INFLATION TO WELL BELOW THE 12.5 PERCENT REGISTERED IN 1977. CURRENT ESTIMATES INDICATE INFLATION MAY BE HELD TO 8 - 9 PERCENT FOR THE YEAR. THE POSITIVE TREND IN EXPORTS NOTED LATE LAST YEAR HAS CONTINUED. IMPORTS CONVERSELY HAVE DECLINED. INDUSTRIAL INVESTMENTS HAVE CONTINUED TO DECLINE, THUS FURTHER CLOUDING THE EMPLOYMENT SITUATION. GROWING EXPORTS OF PAPER, PULP AND WOOD PRODUCTS HAVE CONTRIBUTED LARGELY TO FINLAND'S CURRENT ACCOUNT SURPLUS. THE HEAVY METALS INDUSTRY REMAINS TROUBLED ALTHOUGH ORDERS PICKED UP SIX PERCENT DURING THE SECOND QUARTER OF 1978.

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